

Financial Crime Division

Financial Crime Risk Return

A Guide for Firms

8 July 2021



**Guernsey Financial
Services Commission**

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Glossary of Terms

“account”

A bank account or any other *business relationship* or *occasional transaction* between the *Firm* and a *customer* which is of a similar nature, having regard to the services offered by the *Firm*.

For the purposes of completing the *FCRR*, *account* should also be interpreted as including sector specific terms such as appointment, mandate, policy or matter.

“Appendix C business”

- (a) a *financial services business* supervised by the *Commission*, or
- (b) a business which is carried on from:

- (i) a country or territory listed in Appendix C to the *Handbook* and which would, if it were carried on in the *Bailiwick*, be a *financial services business*, or
- (ii) the United Kingdom, the Bailiwick of Jersey, the *Bailiwick* or the Isle of Man by a lawyer or an accountant,

and, in either case, is a business:

- (A) which may only be carried on in that country or territory by a person regulated for that purpose under the law of that country or territory,
- (B) the conduct of which is subject to requirements to forestall, prevent and detect *ML* and *FT* that are consistent with those in the FATF Recommendations in respect of such a business, and
- (C) the conduct of which is supervised for compliance with the requirements referred to in (B), by the *Commission* or an overseas regulatory authority.

“Bailiwick”

The Bailiwick of Guernsey.

“beneficial owner”

Has the meaning in Paragraph 22 of *Schedule 3*.

“board”

The Board of Directors of the *Firm* where it is a body corporate, or the local senior management where it is not structured as such, for example a partnership or a branch of a foreign business.

“business relationship”

A business, professional or commercial relationship between the *Firm* and a *customer* which is expected by the *Firm*, at the time when contact is established, to have an element of duration. Such a relationship does not need to involve the *Firm* in an actual transaction; giving advice may often constitute establishing a *business relationship*.

“business risk assessment” or “BRA”

Means, in accordance with Paragraph 3(3) of *Schedule 3*, an assessment which is appropriate to the nature, size and complexity of the *Firm* and which is in respect of:

- (a) *customers*, and the *beneficial owners* of *customers*,
- (b) countries and geographic areas, and
- (c) products, services, transactions and delivery channels (as appropriate), and in particular in respect of the *ML* or *FT* risks that may arise in relation to –

- (i) the development of new products and new business practices, before such products are made available and such practices adopted, and
- (ii) the use of new or developing technologies for both new and pre-existing products, before such technologies are used and adopted.

“the Commission”

The Guernsey Financial Services Commission.

“customer”

A person or legal arrangement with whom the *Firm* has established a *business relationship*, or on behalf of whom the *Firm* has carried out an *occasional transaction*.

For the purposes of completing the *FCRR*, the term *customer* should be read as client where necessary.

“the Disclosure Law”

The Disclosure (Bailiwick of Guernsey) Law, 2007.

“FCRR” or “the Return”

The Financial Crime Risk Return.

“Financial Intelligence Service” or “FIS”

The division of the Economic Crime Division comprising persons assigned to the division for the purpose of the receipt, analysis and dissemination within the *Bailiwick*, and elsewhere, of disclosures under Part I of *the Disclosure Law*, which are more commonly known or referred to as suspicious transaction reports or suspicious activity reports.

“financial services business”

Any business specified in Schedule 1 to the *Law* and includes, unless the context otherwise requires, a person carrying on such a business in the *Bailiwick* or an *Appendix C business* conducting business equivalent to that specified in Schedule 1 to *the Law*. For the avoidance of doubt, a business is a *financial services business* only in respect of the businesses specified in Schedule 1, and only to the extent that it conducts one or more of those businesses.

“the Firm”

The *specified business* completing the *FCRR*.

Note: personal fiduciary licensees are required to provide similar information via the Personal Fiduciary Return and should refer to the guidance for that return.

“FT” or “terrorist financing”

Has the same meaning as in *the Terrorism Law*.

“Handbook”

The Handbook on Countering Financial Crime and Terrorist Financing.

“Helpdesk”

The *Commission’s* Online Services Helpdesk, which can be contacted via telephone on +44 1481 732706 or e-mail to support@gfsc.gg.

“intermediary”

A *financial services business*, which is considered to be the *customer* by the when establishing a *business relationship* or undertaking an *occasional transaction*, in accordance with the provisions in Section 9.8. of the *Handbook*.

“introducer”

An *Appendix C business* or overseas branch of the *Firm* or a member of the same group as the *Firm* who has established or is seeking to establish a *business relationship* or undertake an *occasional transaction* with the *Firm* on behalf of another person or legal arrangement who is its customer. The *Firm* has placed reliance on the *introducer* for the purposes of verifying the identity of the *customer*, in accordance with Chapter 10 of the *Handbook*.

“key principal”

Means, in the context of a *business relationship* or *occasional transaction*, a natural person, legal person or legal arrangement falling within one or more of Paragraphs 4(3)(a)-(d) of *Schedule 3* in respect of that *business relationship* or *occasional transaction*, specifically:

- (a) the *customer*;
- (b) any person purporting to act on behalf of the *customer*;
- (c) the *beneficial owner* of the *customer*; and
- (d) any person on behalf of whom the *customer* is acting.

“the Law”

The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999.

“money laundering” or “ML”

Has the same meaning as “money laundering offence” has in *the Law*.

“Money Laundering Compliance Officer” or “MLCO”

The natural person appointed by the *Firm* to monitor compliance with its policies, procedures and controls to forestall, prevent and detect *ML* and *FT*.

“Money Laundering Reporting Officer” or “MLRO”

The natural person appointed by the *Firm* to make or receive disclosures under Part I of *the Disclosure Law* and Sections 12, 15 and 15 A of *the Terrorism Law*.

“Nominated Officer” or “NO”

A natural person nominated by the *Firm* in accordance with Paragraph 12(1)(b) or 12(1)(c) of *Schedule 3* to receive disclosures under Part I of *the Disclosure Law* and Section 15 of *the Terrorism Law* in the absence of the *MLRO* and otherwise carry out the functions of the *MLRO* in that officer’s absence.

“occasional transaction”

Any transaction involving more than £10,000, carried out by the *specified business* in question in the course of that business, where no *business relationship* has been proposed or established and includes such transactions carried out in a single operation or two or more operations that appear to be linked.

For the purposes of the *FCRR*, payment service providers should include the number of transfers falling under the requirements of Section 2 of The Transfer of Funds (Guernsey) Ordinance, 2017 within the overall figure provided.

“Online Portal”

The *Commission*’s Online Submissions Portal, accessible via <https://submit.gfsc.gg/>.

“outsourcing”

The completion or undertaking of one or more of the *Firm*’s AML/CFT measures or controls by a third party under an outsourcing agreement, either in the *Bailiwick* or overseas, or within its group or externally.

“Politically Exposed Person” or “PEP”

The term follows the definition given under Paragraph 5(4) of *Schedule 3*, including foreign PEP, domestic PEP, and a person entrusted with a prominent function by an international organisation.

“prescribed business” or “PB”

Means any business which is a relevant business for the purposes of *the Law*, but does not include a business of a type described in Paragraphs 2 or 4 of *Schedule 2* to *the Law*.

“relevant connection”

Has the same meaning as in Paragraph 5(10) of *Schedule 3*.

“the Relevant Enactments”

Has the same meaning as in the *Handbook*.

“Reporting Period”

1 July to 30 June of the year of the current *FCRR*.

“Schedule 3”

Schedule 3 to *the Law*.

“specified business”

Means, in accordance with Paragraph 1(1) of *Schedule 3* and for the purposes of *Schedule 3* and the *Handbook*, a *financial services business* or a *prescribed business*.

“the Terrorism Law”

the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002.

“terrorist financing” or “FT”

Has the same meaning as in *the Terrorism Law*.

Using this Guide

Guidance has been developed on a sector specific basis. Where relevant, the guidance has been colour-coded by sector to highlight how the *FCRR* should be completed by *Firms* in that sector. That coding takes the following format:

All *Firms*

Text within a grey box applies to all *Firms*, regardless of the licence or registration held.

Banking Licensees

Text within a pink box relates to all *Firms* licensed under the Banking Supervision (Bailiwick of Guernsey) Law, 1994 as amended.

Fiduciary Licensees

Text within a red box relates to all *Firms* which hold a full fiduciary licence under the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 as amended.

Investment Licensees

Text within a green box relates to all *Firms* licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended.

Insurance Licensees

Text within a purple box relates to all *Firms* licensed under the Insurance Business (Bailiwick of Guernsey) Law, 2002 as amended or the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 as amended.

Non-Regulated Financial Services Businesses

Text within a yellow box relates to *Firms* registered under the Registration of Non-Regulated Financial Services Businesses (Bailiwick of Guernsey) Law, 2008 as amended.

Prescribed Businesses

Text within an orange box relates to *Firms* and sole traders which are relevant businesses for the purposes of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999, but does not include businesses of a type described in Paragraphs 2 or 4 of Schedule 2 to *the Law*.

Introduction

The Commission uses the *FCRR* as a means of gathering important information and statistical data which is used for supervisory purposes to assist *the Commission* in forming a view of the financial crime risks within individual firms, within a sector, and within the financial services industry as a whole. Data may also be shared on an aggregated basis with other *Bailiwick* authorities for purposes such as assessing financial crime risks to the *Bailiwick*. The completed *FCRR* must be submitted by 31 October annually.

This guidance has been issued to assist all *Firms* in the completion and submission of the *FCRR*. The guidance does not address every question within the *FCRR* as some are considered self-explanatory. Further guidance on the use of the *Online Portal* and how to begin completion of the *FCRR* can be found at <https://submit.gfsc.gg/faq/>

Subject to the exceptions set out below, all licensed and registered *Firms*, including administered or managed licensed or registered *Firms*, are required to submit one *FCRR* covering the entirety of those business activities which are subject to the requirements of *Schedule 3* and the *Handbook* (with the exception of SAR/Disclosure information, as detailed within the introduction to the ‘Reporting Suspicion’ section).

Insurance Licensees

Managed insurance licensees conducting life business should complete their own *FCRR* through the *Online Portal*.

Protected Cell Companies holding insurance licences and conducting both life and non-life business should complete one consolidated *FCRR* covering the PCC and all cells used for life business.

Investment Licensees

All investment licensees must submit a completed *FCRR*, including administered licensees. Designated managers/administrators should complete one *FCRR* covering their own business activities and relationships, together with separate *FCRR* for each administered licensee.

Firms nominated to be responsible for investor CDD under Paragraph 4.57. of the *Handbook* **as at the end of the Reporting Period** must include statistics within its own *FCRR* regarding the investors within each collective investment scheme for which the *Firm* has been nominated.

This guidance follows the page order of the *FCRR*. All data provided should be given as at the end of the *Reporting Period*, or where required (for example with regard to *occasional transactions*), an accumulation of occurrences between 1 July in the previous year to 30 June in the reporting year.

In respect of an administered *Firm* where the administration of that *Firm* has transferred during the *Reporting Period* to another licensed entity, the new administrator should complete and submit the *FCRR* on behalf of the administered *Firm* using the data which is available to it. The previous administrator should include any instances of occurrences during the *Reporting Period* for which it was administrator, for example related to internal suspicion reports or disclosures, within its own *FCRR*.

The following businesses will not be required to complete the *FCRR*:

- Holders of joint fiduciary licences issued under the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 as amended. Licensed fiduciaries are expected to aggregate data which might apply to a joint fiduciary licensee within the FCR Return for their lead fiduciary licensee; and
- Holders of personal fiduciary licences issued under the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 as amended.
- Open-ended and closed-ended collective investment schemes authorised or registered with the *Commission*;
- Holders of non-life licences issued under the Insurance Business (Bailiwick of Guernsey) Law, 2002 as amended; and
- *Firms* carrying on business as an insurance intermediary under the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law 2002, solely in respect of anything other than long term business.

Start Page

Having selected to complete the *FCRR* from the *Online Portal*, the form will open on the Start page.

The Start page includes background information on the purpose of the *FCRR* and the contact details of the *Commission's Online Services Helpdesk* should assistance be required.

'Firm Name'

This field is read-only; therefore if the name reflected is not that of the *Firm* completing the *FCRR* or if the *Firm's* name is not displayed correctly, do not progress further and, instead, contact the *Commission's Online Services Helpdesk*.

'Data collection for period starting'

The field is read-only and reflects the *Reporting Period* start date for the current *FCRR*.

The field is automatically populated and should reflect the 1 July of the previous year. Should this not be the case, do not progress further with the *FCRR* and, instead, contact the *Commission's Online Services Helpdesk*.

'Data collection for period ending'

The field is read-only and reflects the *Reporting Period* end date for the current *FCRR*.

The field is automatically populated and should reflect the 30 June in the same year as completion. Should this not be the case, do not progress further with the *FCRR* and, instead, contact the *Commission's Online Services Helpdesk*.

Reporting Suspicion

This section captures data on the number of internal and external suspicious activity reports which were made within the *Reporting Period* and information on the nature of the suspicion or the factor(s) which gave rise to the filing of a disclosure with the *FIS*.

Some *Firms* may have business lines which are not subject to the requirements of *Schedule 3* or the *Handbook*, such as a licensed insurer with life and non-life insurance business. In these circumstances, as there still remains a general obligation to report suspicious activity, those *Firms* are asked to also include data regarding any disclosures made in respect of business activities which fall outside *Schedule 3* and the *Handbook*.

Should this apply to your *Firm* and you wish to clarify the split between those reports arising from business activities falling under *Schedule 3* and the *Handbook* and reports from activity which does not, please use the 'Further Detail' box to provide this clarification.

Data on internal and external reports made in connection with the business of a *Firm* administered by another licensed entity (for example a managed bank, an administered principal manager of a collective investment scheme, a managed licensed fiduciary, an administered insurance licensee or an administered Non-Regulated Financial Services Business) must be disclosed on the *FCRR* of the administered firm and not on the *FCRR* of the administering licensee.

Where the administrator of a licensed or registered *Firm* changes during the *Reporting Period*, the previous administrator should include any reports and disclosures within its own figures for the period in which it acted as the administrator. The new administrator, when completing the *FCRR* for the administered *Firm*, should include any reports and disclosures made during the period for which it has acted as administrator in the administered *Firm's FCRR*.

Where a suspicion report or disclosure relates to the business of the administered licensee specifically or any of the parties connected with it, or where the nature of the disclosure is such that it should remain confidential from the *Board* of the administered licensee, this should be included within the statistics for the administering *Firm*.

Disclosures

'Number of internal disclosures made to the MLRO or Nominated Officer during the reporting period'

Please provide the total number of internal disclosures made under Part 1 of the *Disclosure Law* or Section 12 or 15 (as appropriate) of the *Terrorism Law* to the *MLRO* or *Nominated Officer* during the *Reporting Period*.

A suspicion report is considered to be any report made to the *MLRO* in accordance with the *Firm's* policies, procedures and controls for staff to report suspicious activity.

Discussions with the *MLRO* or *Nominated Officer*, either in person or electronically, are not required to be reported unless they result in a disclosure being made to the *MLRO* or *Nominated Officer* in the prescribed manner.

Where the *MLRO* or *Nominated Officer* has received more than one report relating to the same *account/mandate* or *customer*, these should be treated as one case; however, where two or more disclosures are received related to the same *account/mandate* or *customer* but for different matters, these should be counted separately.

'Number of external disclosures made to the FIS by the MLRO or Nominated Officer during the reporting period'

Please provide the total number of disclosures made by the *MLRO* or *Nominated Officer* to the *FIS* during the *Reporting Period*.

The figure provided should reflect the total number of discrete disclosures made to the *FIS*. Do not include reports which have been made to follow-up or provide further detail in respect of a previous disclosure.

‘Number of Disclosures to the FIS by Nature of the Disclosure’

For each disclosure given in response to the previous question, please indicate those categories relevant to the content of the disclosure. Should more than one category apply to a disclosure, please mark all relevant categories. If a failure to complete customer due diligence or if unusual activity gave rise to a suspicion, this should be marked under money laundering if no other predicate offence could be identified.

Where a disclosure does not relate to any of the categories provided, there is also a field titled ‘Other Predicate Crimes’ which should be completed, together with a high-level description of this issue in the field titled ‘Details of the crimes and/or adverse issues for “Other Predicate Crimes”’.

‘Number of external disclosures resulting from attempted occasional transactions/declined business opportunities’

Please provide the total number of disclosures made by the *MLRO* or *Nominated Officer* to the *FIS* during the *Reporting Period* which resulted from an attempted occasional transaction or a declined business proposal, including both proposed *business relationships* and proposed *occasional transactions*.

‘Number of external disclosures where the customer and/or beneficial owner(s) is a: Foreign PEP; Domestic PEP; International Organisation PEP’

Do not include external disclosures regarding *business relationships/occasional transactions* with **former** foreign *PEPs*, domestic *PEPs*, and international organisation *PEPs* where the provisions of Section 8.5.6.* of the *Handbook* had been applied prior to the suspicion being raised internally.

*Section 8.5.6. of the *Handbook* contains the provisions which enable the declassification of certain types of former *PEP*.

[NEW] ‘Does the Firm have any business relationships (as at the reporting period end) that are subject to “no consent” from the FIS?’

This question requires information on the number of *business relationships* where the *FIS* has withheld consent (as described in Section 13.12. of the *Handbook*), regardless of whether that “no consent” was issued during this *reporting period* or a prior period. It does not include *business relationships* where consent has been sought from the *FIS* and not yet granted.

When providing details, please include the number of *business relationships* subject to “no consent”, together with;

- The type and value* of accounts/assets under the *Firm’s* administration/management (or where the *Firm* is a legal professional or provides accountancy services, the value of the proposed activity for which the *Firm* was advising);
- Any associated jurisdictions of the customer and beneficial owner(s); and
- The date of when consent was first sought

* *The Commission is not expecting a specific valuation to be undertaken where values are not immediately discernible for non-cash/non-liquid assets. In these instances, a sensible approximation should be made.*

[NEW] ‘Number of requests for information received from the FIS made under Regulation 2A and 2(11A) of the Disclosure (Bailiwick of Guernsey), Regulations, 2007’

Only include requests made under Regulations 2A and 2(11A), **not** Regulation 2.

[NEW] ‘Number of (tax) Exchange of Information on Requests (EOIRs) received by the Firm from the Revenue Service under Tax Information Exchange Agreements (TIEAs) during the reporting period’

Only include requests received by the *Firm* itself. Do not include EOIRs where the *Firm* is an accountant and is providing technical advice to its client in dealing with an EOIR the client has received.

[NEW] 'Number of business relationships where the Firm became aware during the reporting period that the customer and/or one or more beneficial owner(s) registered for or used a tax disclosure facility (i.e. tax amnesty), broken down by jurisdiction of the tax disclosure facility.'

This question does not include cases where tax advisers are assisting clients, such as trustees, in dealing with tax amnesties.

For the avoidance of doubt, this question does not impose an additional requirement for *Firms* to request separate confirmation from clients regarding the use of tax disclosure facilities.

'Reporting Suspicion - Further Detail'

A further detail box has been included to allow the *Firm* to provide a brief explanation in relation to any particular information included within the 'Reporting Suspicion' section which has not already been captured.

Do not provide any confidential or sensitive information, or information which identifies any underlying parties, within the narrative box. The *Commission* is solely interested in the high level statistics relating to the reporting of suspicious activity or transaction, including attempted transactions.

Governance and Controls

This section requests information on the governance arrangements of the *Firm*, including details of the AML/CFT policies, procedures and controls, together with details of any outsourced functions.

For the avoidance of doubt, the *Reporting Period* provision does not apply to the ‘Governance and Controls and Controls’ section of the FCRR as its focus is on the *Firm*’s governance and control structure overall rather than occurrences of activity within a specific period. Any dates provided should reflect the actual date of occurrence, whenever that was, even if outside of the Reporting Period.

Governance/Structure

‘Is the firm part of a group of companies?’

For the purposes of this question, a group of companies refers to a group with a parent exercising control and coordination functions over the rest of the group.

‘Location of the ultimate group parent entity’

If ‘group’ is not a company but is made up of individuals in various jurisdictions, the *Firm* should provide the location of the entity which exercises more control and influence. If not immediately discernible, please select an appropriate jurisdiction and provide narrative in the ‘Governance/Structure – Further Detail’ free-text box below.

If the Guernsey based *Firm* is the ultimate group parent entity, please select Guernsey.

‘Where there is a parent entity of the firm, what type of entity is the parent?’

In this question, ‘parent entity’ means the ultimate parent of the *Firm* completing the FCRR.

‘Number of branches or subsidiaries of the firm, broken down by jurisdiction of operation’

This question requires information on the number and location of branches and subsidiaries outside the Bailiwick where the *Firm* itself has branches and/or subsidiaries. It does not apply where the *Firm* is a branch or where it is part of a group but has no subsidiaries and/or branches itself.

This question can be left blank where the *Firm* has no branches and/or subsidiaries.

[NEW] ‘Have there been any significant changes in the *Firm*’s business activities during the reporting period which would impact on:

- the types of products and services offered;
- the types of customers it targets; or
- the delivery channels through which products and services are offered to customers?’

The purpose of this question is to provide information on **material** changes to the *Firm*’s operating model which would reasonably be expected to change the Commission’s opinion of the *Firm*’s ML/FT risk profile.

This includes, but is not limited to, the development of online platforms to provide products and services, the establishment/closure of a branch or subsidiary office outside the *Bailiwick*, a redundancy programme, or a significant *outsourcing* proposal affecting AML/CFT compliance.

[NEW] 'FTE working specifically in AML/CFT compliance roles within the Firm (excluding outsourced and group FTE) as at the end of the Reporting Period'

The Commission appreciates that this may need to be provided on a 'best efforts' basis where the *Firm* has functions and/or roles wholly or partially undertaken by other entities within the group.

For the avoidance of doubt, this question does not include any resourcing with group or any other outsourced providers within or outside of the Bailiwick.

'Governance/Structure - Further Detail'

A further detail box has been included to allow the *Firm* to provide a brief explanation in relation to any particular information included within the 'Governance/Structure' section which has not already been captured.

Policies, Procedures and Controls

'Has the firm's money laundering business risk assessment been reviewed by the board during the reporting period?'

Please indicate whether the *Board* has reviewed the *Firm's ML Business Risk Assessment* during the *Reporting Period*.

'Please provide the date of the last review'

Where the *Firm's ML BRA* has been reviewed by the *Board* during the *Reporting Period*, please provide the date that the *Board* most recently reviewed it .

Where the *ML BRA* is currently under review or being updated, the date provided should reflect the date that the **current version** was reviewed by the *Board* within the *Reporting Period*.

'If No, please provide further detail'

Where the *ML BRA* has not been reviewed by the *Board* during the *Reporting Period*, please provide further detail regarding the review of the *Firm's ML BRA*.

'Has the firm's terrorist financing business risk assessment been reviewed by the board during the reporting period?'

Please indicate whether the *Board* has reviewed the *Firm's FT BRA* during the *Reporting Period*.

'Please provide the date of the last review'

Where the *Firm's FT BRA* has been reviewed by the *Board* during the *Reporting Period*, please provide the date that the *Board* most recently reviewed it.

Where the *FT BRA* is currently under review or being updated, the date provided should reflect the date that the **current version** was reviewed by the *Board* within the *Reporting Period*.

'If No, please provide further detail'

Where the *FT BRA* has not been reviewed by the *Board* during the *Reporting Period*, please provide further detail regarding the review of the *Firm's FT BRA*.

‘During the reporting period, has the Board considered the appropriateness and effectiveness of its AML/CFT compliance arrangements?’

Please indicate whether the *Board* has considered, during the *Reporting Period*, the appropriateness and effectiveness of the *Firm’s* AML/CFT compliance arrangements.

‘Please provide the date this last occurred’

Please provide the date within the *Reporting Period* that the *Board* most recently considered the appropriateness and effectiveness of the *Firm’s* AML/CFT compliance arrangements.

‘If No, please provide further detail’

Where the appropriateness and effectiveness of the *Firm’s* AML/CFT compliance arrangements have not been considered during the *Reporting Period*, please provide further detail regarding this.

[NEW] ‘Has the board established a policy to review its compliance with Schedule 3 and the Handbook?’

The *Firm* should answer ‘Yes’ if it has a formal policy in place which periodically tests the appropriateness and effectiveness of its policies, procedures and controls in relation to its *ML* and *FT* risks. This may also be known as a Compliance Monitoring Programme (“CMP”).

[NEW] ‘If No, please provide further details regarding why a policy has not been established’

If the *Firm* does not have such a policy in place, please provide further details as to why this is the case. This may, for example, be due to centralised risk functions within the *Firm’s* group.

[NEW] ‘On what frequency does the board consider the results of the Firm’s compliance monitoring programme?’

This is the frequency that the *Board* **considers** the results of the *Firm’s* CMP, not the frequency of the testing undertaking as part of the *Firm’s* CMP.

[NEW] ‘If Never/Other, Please provide further detail regarding the board’s consideration of the results of the Firm’s compliance monitoring programme?’

If the *Board* either does not consider the results of the CMP or considers it on a frequency which is not listed, please provide detail regarding the *Board’s* consideration and oversight of the results of the *Firm’s* CMP. The details provided should include, but is not limited to, the level of detail and the frequency on which it is considered.

‘Does the Firm maintain an independent audit function (whether internal or external) to test its AML and CFT policies, procedures and controls?’

The *Firm* should answer ‘Yes’ if its AML/CFT policies, procedures and controls are subject to periodic internal or external review by an independent person. This will include a *Firm* which is subject to a group audit function or where a *Firm’s* auditors, as part of the engagement to audit the *Firm’s* financial statements, include a review of the *Firm’s* AML/CFT compliance policies, procedures and controls.

For the avoidance of doubt, independent person means a person who undertakes no other functions within the *Firm*, including the compliance function.

[NEW] ‘In which year did the board last consider whether it would be appropriate to maintain an independent audit function to test its AML and CFT policies, procedures and controls?’

If the *Firm* does not maintain an independent audit function, please provide the year in which the *Board* last considered whether it would be appropriate to maintain an independent audit function. See Section 2.4 of the *Handbook* for further details. The year provided in response to this question can be outside of the *Reporting Period*.

‘Has the Firm commissioned an external services provider to test its AML and CFT policies, procedures and controls within the last three years?’

The *Firm* should answer ‘Yes’ if, within the last three years, an external service provider has reported to the *Firm* its findings from a review of the effectiveness of the *Firm*’s AML/CFT policies, procedures and controls.

This does not include where the *Firm* has appointed a third party to draft or revise its compliance arrangements or if a third party provides compliance service such as client screening, an *MLCO*, or an *MLRO*. It also excludes where a *Firm* has been required by the Commission to appoint a third party to review its AML/CFT policies, procedures and controls.

[NEW] ‘What is the Firm’s timing for monitoring of transactions within a business relationship or occasional transaction?’

The response to this question should not include reviews of transactions undertaken as part of the *Firm*’s regular *ML/FT* risk reviews.

‘Real-Time’ means the monitoring/review is undertaken at the time of the transaction. This would also include where e.g. a licensed Fiduciary undertakes a review of the wider transactional activity of a *business relationship* **prior** to instructing a bank to transfer funds.

‘Policies, Procedures and Controls - Further Detail’

A further detail box has been included to allow the *Firm* to provide a brief explanation in relation to any particular information included within the ‘Policies, Procedures and Controls’ section which has not already been captured.

Controls for identifying PEP connections, adverse media and sanctioned parties

[NEW] Frequency of Screening

For each ‘Frequency of Screening’ question within this section, if the *Firm* undertakes screening on a periodic basis **in addition** to undertaking it on a trigger basis, please select the periodic review frequency rather than ‘Trigger’.

‘Trigger’ should be selected where trigger events are the **only** occasions where screening is undertaken.

[NEW] Screening Systems

The Commission considers a system to be automated in situations including, but not limited to, where:

- the *Firm*’s client database is regularly uploaded in bulk to an external platform to be screened;
- there is ‘live’ integration of screening software (such as one which interfaces directly with the *Firm*’s client database to undertake screening in real-time); or
- the *Firm*’s systems ingest data from external sources to undertake screening.

This is irrespective of whether the automated systems are supplemented by manual processes to review/investigate any alerts generated.

Where a user logs into a screening platform to input/screen customers/beneficial owners one by one, this is considered to be manual screening.

‘Screening - Further Detail’

A further detail box has been included to allow the *Firm* to provide a brief explanation in relation to any particular information included within the ‘Controls for identifying PEP connections, adverse media and sanctioned parties’ section which has not already been captured.

Frequency of ML/FT Risk Reviews

For each 'Frequency of Review' question within this section, if the *Firm* undertakes *ML/FT* risk reviews on a periodic basis **in addition** to undertaking these on a trigger basis, please select the periodic review frequency rather than 'Trigger'.

'Trigger' should be selected where trigger events are the **only** occasions where *ML/FT* risk reviews are undertaken.

'ML/FT Risk Reviews - Further Detail'

A further detail box has been included to allow the *Firm* to provide a brief explanation in relation to any particular information included within the 'Frequency of ML/FT Risk Reviews' section which has not already been captured.

Outsourcing

'Are any of the firm's measures or controls for compliance with the Relevant Enactments (as defined in the Handbook) outsourced?'

Firms administered by another licensee in the *Bailiwick* should answer 'Yes' to this question and select either 'Under Administration Agreement' or 'Not Outsourced' as applicable for each of the listed functions.

Where the *Firm outsources* any part of its measures or controls for compliance with the *Relevant Enactments* to a third party, the *Firm* is required to specify the type of third party this is *outsourced* to. The drop-down boxes for each question include the following options:

- 'Not Outsourced' – To be selected where the *Firm* undertakes the named measure or control internally and does not *outsource* any aspect of its control.
- 'External Party' – To be selected where the named measure or control is undertaken, in whole or in part, by a third party, external to the *Firm* or its group.
- 'Intra-Group' – To be selected where the named measure or control is undertaken, in whole or in part, by another entity within the same group as the *Firm*. One such example is where an *MLRO* is employed by one entity in a group but provides services to a number of others.
- 'Under Administration Agreement' – To be selected where the named measure or control is undertaken on behalf of a managed or administered entity by its administrator through a contract for services.

'Other AML/CFT measure or control outsourced'

Where the *Firm outsources* any other AML/CFT measures or controls to a third party, please provide a short heading for the measure(s) or control(s) *outsourced* and select the appropriate option from the drop-down menu.

[NEW] 'Outsourced AML/CFT measures broken down by the jurisdiction of where the activity is undertaken'

If an AML/CFT measure is *outsourced* to multiple jurisdictions, please select 'Yes' for each jurisdiction it is *outsourced* to.

'Outsourcing - Further Detail'

A further detail box has been included to allow the *Firm* to provide an explanation or further detail in relation to any of its *outsourcing* arrangements where it considers such additional information would be of benefit to the *Commission* in understanding the *Firm's* AML/CFT arrangements.

Relationships

This section concerns information about the *Firm's business relationships* and/or *occasional transactions*. Data is being collected on either an **account/mandate** basis or a **customer** basis depending upon which sector or sub-sector the *Firm* operates in. The basis on which the *Firm* must report is detailed within the introductory text of the 'Relationships' tab of the *FCRR*.

As detailed within the Glossary of Terms:

- “account” means a bank account or any other *business relationship* or *occasional transaction* between the *Firm* and a *customer* which is of a similar nature, having regard to the services offered by the *Firm*. For the purposes of completing the *FCRR*, *account* should also be interpreted as including sector specific terms such as appointment, mandate, policy or matter.
- “customer” means a person or legal arrangement with whom the *Firm* has established a *business relationship*, or on behalf of whom the *Firm* has carried out an *occasional transaction*. For the purposes of completing the *FCRR*, the term *customer* should be read as client where necessary.

Banking Licensees

The number of *business relationships* must be provided on an **account/mandate** basis.

Fiduciary Licensees

The number of *business relationships* must be provided by **account/mandate** (appointment). This will ensure consistency with the data collated via the Fiduciary Annual Return.

Investment Licensees

Asset managers and stockbrokers

The number of *business relationships* must be provided by **account/mandate**. This will ensure consistency with the data collected via the quarterly statistical return.

Designated managers and fund administrators of collective investment schemes

The number of *business relationships* must be provided on an **account/mandate** basis. The figure provided should consist of the schemes and connected/governing parties (e.g. general partners or trustees) and include **all business relationships**, not just those connected with Guernsey authorised/registered schemes and with Non-Guernsey Schemes. Investor figures should be included by the licensee which is responsible for applying CDD measures to investors in accordance with Section 4.8. of the *Handbook*.

Principal managers (including licensed general partners) of collective investment schemes

The number of *business relationships* must be provided on an **account/mandate** basis. Investor figures should **not** be included unless the principal manager/general partner is responsible for applying CDD measures to investors in accordance with Section 4.8. of the *Handbook*.

Insurance Licensees

For all *Firms* licensed under the Insurance Business (Bailiwick of Guernsey) Law, 2002 as amended or the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law 2002, data should be provided based on the number of **customers**, rather than the number of policies written or similar.

Non-Regulated Financial Services Businesses

For all *Firms* registered under the Non-Regulated Financial Services Businesses (Bailiwick of Guernsey) Law, 2009, data should be provided based on the number of **customers**.

Prescribed Businesses

For all *Firms* registered under the Prescribed Business (Bailiwick of Guernsey) Law, 2008, data should be provided based on the number of **customers**.

Business Relationships

‘As at the end of the reporting period, had the Firm established any business relationships?’

A large proportion of financial services business will be undertaken under a *business relationship*, as there will be an element of duration to the dealings. Examples include: a bank account, a life insurance policy, an investment in a collective investment scheme, the administration of a company, or the trusteeship of a discretionary trust.

‘Total number of business relationships’

Where the *Firm* has confirmed that it enters into *business relationships*, please provide the total number of *business relationships* as at the last day of the *Reporting Period*.

‘Number of high risk business relationships’

Of the total number of *business relationships*, please provide the number of those which have been assessed by the *Firm* as posing a high risk of *ML/FT*.

Occasional Transactions

‘Did the Firm carry out any occasional transactions during the reporting period?’

Please indicate whether the *Firm* treats any or all of its *customers* or *accounts/mandates* as *occasional transactions*.

For many *Firms* their business will be conducted on a *business relationships* basis because there is an element of continuity; however there will be activities which are classified as *occasional transactions*, where the connection between the *Firm* and its *customer* extends only to the provision of a specific service with no ongoing interaction.

Examples include: foreign exchange services offered to the public, the formation of a company to which the licensed fiduciary will provide no further corporate services, the sale of a property, or a one-off sale or purchase of shares.

‘Total number of occasional transactions’

Please provide the total number of such *occasional transactions* undertaken during the *Reporting Period*.

‘Number of high risk occasional transactions’

Of the total number of *occasional transactions*, please provide the number of those which have been assessed by the *Firm* as posing a high risk of *ML/FT*.

Politically Exposed Persons (PEPs)

‘Combined number of business relationships and occasional transactions where the customer and/or beneficial owner(s) is classified as a: Foreign PEP; Domestic PEP; International Organisation PEP’

The figures disclosed here should represent those *business relationships* and/or *occasional transactions* where the *customer* or *beneficial owner* meets the definition of *PEP* in the *Handbook*. This **includes** *PEPs* by association.

The *Firm* should **not** include:

- any former *PEPs* which have been declassified in accordance with the provisions in Section 8.5.6. of the *Handbook*; and

- any foreign *PEPs* who are not the *customer* or *beneficial owner* but are connected with a *business relationship* or *occasional transaction* in some other way, but who have no economic interest in the *business relationship* or *occasional transaction* (see Paragraphs 8.48. to 8.50. of the *Handbook*.)

‘Number of individual customers and/or beneficial owner(s) classified as Foreign PEPs, broken down by jurisdiction of political association’

This question asks for the number of **individuals** who are classified as foreign *PEPs*, which may be different to the number of *business relationships* and *occasional transactions* with foreign *PEPs* disclosed in the preceding question where a *Firm* records *business relationships* or *occasional transactions* on an account/mandate basis.

The information should represent the jurisdiction of the political office of the individual, not the geographical location of the *PEP*. Where a foreign *PEP* is employed outside the jurisdiction of their political office for example a senior government official serving as ambassador, the jurisdiction they represent should be recorded and not the jurisdiction of residence.

Domestic PEPs

‘Number of business relationships and occasional transactions assessed as high risk’

‘Number of business relationships and occasional transactions assessed as non-high risk’

The combined value of these two questions should match the number of *business relationships* and *occasional transactions* where the *customer* and/or *beneficial owner(s)* is classified as Domestic *PEP*.

International Organisation PEPs

‘Number of business relationships and occasional transactions assessed as high risk’

‘Number of business relationships and occasional transactions assessed as non-high risk’

The combined value of these two questions should match the number of *business relationships* and *occasional transactions* where the *customer* and/or *beneficial owner(s)* is classified as International Organisation *PEP*.

Declassification of PEPs

‘Number of business relationships which have had their risk rating lowered as a result of declassifying PEPs connected to the relationship’

This question seeks to identify those *business relationships* where the individual continues to be connected to the relationship but has been declassified in line with Section 8.5.6. of the *Handbook* and is now a former *PEP*, resulting in the *business relationship* having its risk rating lowered during the *Reporting Period*.

‘PEPs - Further Detail’

A further detail box has been included to allow the *Firm* to provide a brief explanation in relation to any particular information included within the ‘PEPs’ section which has not already been captured.

Other

‘Number of business relationships and/or occasional transactions that have been referred to the States of Guernsey Policy and Resources Committee as a result of a connection with a sanctioned individual or entity, as at the reporting period end’

The figure provided should represent those *accounts/mandates* or *customers* for which a disclosure was made during the *Reporting Period*, **in addition to** the total number of *accounts/mandates* reported prior to the *Reporting Period* who remain designated under a sanctions regime that was in force at the end of the *Reporting Period*.

‘Number of business relationships where an intermediary is treated as the customer in line with Section 9.8. of the Handbook’

Please provide the number of *accounts/mandates* or *customers* (in the same manner as used previously) for which the *Firm* has utilised the provisions of Section 9.8. of the *Handbook*.

The *Firm* may have multiple *business relationships* with the same *intermediary* firm/business. Each of these *business relationships* should be recorded.

[NEW] ‘Number of intermediaries which are considered the customer, broken down by jurisdiction’

This is the reverse of the preceding question and, as such, the figures should represent how many separate firms/businesses are regarded as *intermediaries*, rather than the number of *business relationships* with that *intermediary*.

‘Number of business relationships classified as pooled accounts in line with Section 9.9. of the Handbook’

This question only applies to banking licensees; therefore please enter ‘0’ if the *Firm* does not hold a banking licence.

‘Number of business relationships and/or occasional transactions where reliance is placed on a **non-group introducer** for CDD purposes in line with Chapter 10 of the Handbook’

All Firms

Please provide the number of *accounts/mandates* or *customers* (in the same manner as used previously) where the *Firm* places reliance upon a non-group *introducer* for CDD purposes in accordance with the provisions of Chapter 10 of the *Handbook*.

The figure provided should include all instances where a *business relationship* has been established under an *introducer* arrangement, rather than the number of *introducers*.

Investment Licensees

With regard to the statistics for investors in collective investment schemes, the figure provided should include the total number of investors for which reliance for CDD purposes has been placed upon a non-group *introducer*.

‘Number of **non-group** introducers broken down by jurisdiction’

This question asks for information on the number of non-group *introducers* (rather than the number of introduced *business relationships* and/or *occasional transactions*).

‘Number of business relationships and/or occasional transactions where reliance is placed on a **group introducer**’

All Firms

Please provide the number of *accounts/mandates* or *customers* (in the same manner as used previously) where the *Firm* places reliance upon a group *introducer* for CDD purposes in accordance with the provisions of Chapter 10 of the *Handbook*. This **does not include** where the local *Firm* has access to CDD through a group system.

The figure provided should include all instances where a *business relationship* has been established under an *introducer* arrangement, rather than the number of *introducers*.

Investment Licensees

With regard to the statistics for investors in collective investment schemes, the figure provided should include the total number of investors for which reliance for CDD purposes has been placed upon a group *introducer*.

‘Number of **group introducers** by jurisdiction’

This question asks for information on the number of group *introducers* (rather than the number of introduced *business relationships* and/or *occasional transactions*).

‘Number of business relationships exited during the reporting period because they were outside the firm’s ML/FT risk appetite’

Please provide the number of *business relationships* which have been exited during the *Reporting Period* as a result of the relationship falling outside of the acceptable level of *ML/FT* risk to the business.

Below are examples of reasons for exiting a relationship which should be included within the figure provided. This list is not exhaustive.

- A failure or reluctance on the part of the existing *customer* to provide adequate due diligence documentation;
- An increase in the risk of the relationship above tolerated thresholds, for example through a new connection with a high risk jurisdiction, the involvement of a newly identified politically/commercially exposed person, or the involvement of a previously unidentified third party;
- Adverse media or other information which is deemed to have the potential to pose a risk to the business but which is not considered to be suspicious; and
- Conduct on the part of the *customer* deemed to be suspicious and where the *FIS* has consented for the account to be closed.

The term ‘exited’ includes both the closing of *accounts/mandates* associated with a *business relationship* and the transferring of a *business relationship* to another service provider, either within the *Bailiwick* or beyond.

‘Number of prospective business relationships and/or occasional transactions declined during the period because they were outside the firm’s ML/FT risk appetite?’

Examples of reasons why a *business relationship* or *occasional transaction* has been declined during the period could include:

- The *Firm* does not specialise in, or have a *ML/FT* risk appetite for taking on *customers* from, a particular market;
- The *Firm* does not provide certain services required by the proposed *customer*, for example registered office only services; or
- The *Firm* does not consider it has the resources available to appropriately administer the relationship based on the assessed *ML/FT* risk of the relationship.

For the avoidance of doubt, please do not include within this figure instances where the establishment of a potential *business relationship* or the undertaking of an *occasional transaction* has not occurred on the basis of the *customer* not wishing to proceed.

‘Relationships: Other - Further Detail’

A further detail box has been included to allow the *Firm* to provide a brief explanation in relation to any particular information included within the ‘Relationships: Other’ section which has not already been captured.

Geographical

This section of the *FCRR* seeks information about the geographical breakdown of the *Firm's business relationships* and/or *occasional transactions*.

[NEW] 'Business relationships and Occasional Transactions broken down by the jurisdiction of

- a. the natural person customer; OR
- b. where the customer is not a natural person, the beneficial owner(s)/economic settlor(s)'

For *business relationships*, the figure provided should reflect all *accounts/mandates* or *customers* active as at the **end** of the *Reporting Period*.

For *occasional transactions* the figure should be provided as a cumulative of those *occasional transactions* undertaken **during** the *Reporting Period*.

Beneficial owner(s) are to be determined as per the *Firm's* policies and procedures based on Chapter 7 of the *Handbook*.

Economic settlor(s) of trusts should be determined on the same basis as that used when completing the Fiduciary Annual Return.

Where there are multiple beneficial owners/economic settlors, the jurisdiction of residence for each beneficial owner/economic settlor should be recorded.

For the avoidance of doubt, the only jurisdictional connection to be disclosed is jurisdiction of residence.

When completing the statistical spreadsheet, any jurisdictions with 'nil' values should be left blank.

'Geographic - Further Detail'

A further detail box has been included to allow the *Firm* to provide a brief explanation in relation to any particular information included within the 'Geographic' section which has not already been captured.

Declaration

Where the *Firm* considers it necessary to provide extra information/context to the responses provided within this form, please upload any supporting information which has not already been captured within the *FCRR*.

The user must confirm that this guidance document has been read.

The *Commission* requires a senior representative of the *Firm* (a representative of the *Board* or equivalent, *MLCO* or *MLRO*) to approve the content of the completed *FCRR*.

Once the *Firm* is satisfied that the *FCRR* has been fully completed, the user should select the 'I agree to the above' field, provide their name and click 'Submit'.

If the *FCRR* has been successfully submitted, the user will be taken to a new page confirming the date and time of submission.

New Questions in the 2021 Return

This section contains the questions introduced to the *FCRR* for the *Reporting Period* ending 30 June 2021.

Reporting Suspicion

- Does the Firm have any business relationships (as at the reporting period end) that are subject to “no consent” from the FIS?
- Number of requests for information received from the FIS made under Regulation 2A and 2 (11A) of the Disclosure (Bailiwick of Guernsey), Regulations, 2007
- Number of (tax) Exchange of Information on Requests (EOIRs) received by the Firm from the Revenue Service under Tax Information Exchange Agreements (TIEAs) during the reporting period
- Number of business relationships where the Firm became aware during the reporting period that the customer and/or one or more beneficial owner(s) registered for or used a tax disclosure facility (i.e. tax amnesty), broken down by jurisdiction of the tax disclosure facility

Governance & Controls

Governance/Structure

- Have there been any significant changes in the Firm’s business activities during the reporting period which would impact on:
 - the types of products and services offered;
 - the types of customers it targets; or
 - the delivery channels through which products and services are offered to customers?
- Is the Firm an administered/managed licensee? (i.e. is this Return being completed for an administered/managed licensee?)
- Total FTE within the Firm as at the end of the Reporting Period
- FTE working specifically in AML/CFT compliance roles within the Firm (excluding outsourced and group FTE) as at the end of the Reporting Period

Policies, Procedures and Controls

- Has the board established a policy to review its compliance with Schedule 3 and the Handbook?
- Does the board receive results of the tests carried out as part of the compliance monitoring programme?
- On what frequency does the board consider the results of the Firm’s compliance monitoring programme?
- In which year did the board last consider whether it would be appropriate to maintain an independent audit function to test its AML and CFT policies, procedures and controls?

Controls for identifying PEP connections, adverse media and sanctioned parties

- Frequency of screening of Business Relationships to identify whether the customer or beneficial owner(s) has any political connections which the Firm should consider if it would classify them as a PEP
- Frequency of screening of Business Relationships to identify whether there is adverse media about key principals

- Does the Firm use automated IT systems to identify whether the customer or beneficial owner(s) has any political connections which the firm should consider if it would classify them as a PEP?
- Does the firm use automated IT systems to identify whether there is adverse media about key principals?
- Does the Firm use automated IT systems to identify UN/UK/Guernsey sanctioned parties?

Frequency of ML/FT Risk Reviews

- Number of periodic ML/FT High Risk reviews scheduled during reporting period
- Number of periodic ML/FT High Risk reviews scheduled during reporting period
- Number of periodic ML/FT Standard Risk reviews scheduled during reporting period
- Number of periodic ML/FT Standard Risk reviews scheduled during reporting period
- Number of periodic ML/FT Low Risk reviews scheduled during reporting period
- Number of periodic ML/FT Low Risk reviews scheduled during reporting period
- Does the Firm also undertake trigger based ML/FT risk reviews in addition to the above regular frequencies of review?

Outsourcing

- Outsourced AML/CFT measures broken down by the jurisdiction of where the activity is undertaken

Relationships

Politically Exposed Persons

- Please provide the names of the International Organisations that the above International Organisation PEP business relationships/occasional transactions are connected to, together with the number connected to each

Intermediaries

- Number of intermediaries which are considered the customer, broken down by jurisdiction

Geographical

- Business relationships and Occasional Transactions broken down by the jurisdiction of
 - the natural person customer; OR
 - where the customer is not a natural person, the beneficial owner(s)/economic settlor(s).